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Proposed General Bankruptcy Counsel to
Chapter 11 Debtor and Debtor in Possession,
APPLIED POWDERCOAT, LLC

FILED & ENTERED

AUG 15 2025

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY Spann DEPUTY CLERK

CHANGES MADE BY COURT

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – NORTHERN DIVISION**

In re:

APPLIED POWDERCOAT, LLC,

Debtor and Debtor in Possession.

Case No. 9:25-bk-10762-RC

Chapter 11

Subchapter V

**ORDER GRANTING MOTION TO
APPROVE STIPULATION FOR
ENTRY OF ORDER AUTHORIZING
USE OF CASH COLLATERAL**

Continued Hearing:

Date: July 15, 2025

Time: 1:00 pm

Courtroom: 201

1415 State Street

Santa Barbara, CA 93101

Judge: Hon. Ronald Clifford III

WEINTRAUB ZOLKIN TALERICO & SELTH LLP
11766 WILSHIRE BLVD., SUITE 730
LOS ANGELES, CA 90025

1 A hearing was held on July 11, 2025 (the “Initial Hearing”) that was continued to July 15,
2 2025, at 1:00 pm (the “Continued Hearing”) to consider the *Motion to Approve Stipulation for Entry*
3 *of an Order Authorizing Use of Cash Collateral* (the “Motion”) [Dkt. 15] and the *Stipulation for*
4 *Entry of Order Authorizing Use of Cash Collateral* (“Stipulation”) attached to the Motion as
5 Exhibit A, filed by Applied Powdercoat, LLC, the debtor and debtor-in-possession herein (the
6 “Debtor”).¹ The Initial Hearing was scheduled pursuant to the Court’s Order [Dkt. 18] granting
7 Debtor’s Application for Hearing on Shortened Notice [Dkt. 17].

8 After hearing argument and positions at the Initial Hearing from counsel to Debtor and First
9 Bank of the Lake (“FBOL”), Debtor’s senior secured lender, and John-Patrick M. Fritz, subchapter
10 V trustee, the Court continued the Initial Hearing to provide the parties and the Court time to consider
11 various legal issues and for the Debtor to submit supplemental documentation, including a weekly
12 budget through July 2025.

13 Prior to the Continued Hearing, Debtor submitted a two-week budget for the weeks of July
14 14 and July 21 (the “July Budget”) [Dkt. 30] and a weekly budget for August 2025 (the “August
15 Budget”) [Dkt. 31]. Appearances at the Initial Hearing and the Continued Hearing were as noted on
16 the record. The Court, having considered the Motion, the Stipulation, and other documents filed in
17 support of the Motion, the arguments and representations of counsel at the hearing on the Motion,
18 finding notice of the Initial Hearing and the Continued Hearing proper, and good cause appearing
19 therefor,

20 **IT IS HEREBY ORDERED** that:

- 21 1. The Motion is granted and the Stipulation is approved;
22 2. Debtor is authorized to use Cash Collateral as set forth in the Stipulation;
23 3. FBOL is granted Post-Petition Liens as set forth in the Stipulation;
24 4. Section 2 of the Stipulation is amended to include the use of cash collateral and
25 granting of replacement Post-Petition Liens pursuant to the July Budget and the August Budget;

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28 ¹ Terms not defined herein shall have the same meanings ascribed to them in the Motion and the Stipulation.

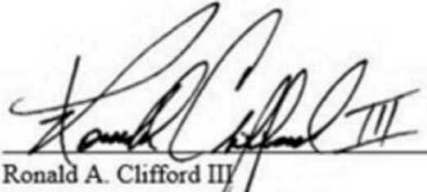
1 5. Debtor may use cash collateral with a 15% variance to the July Budget with any
2 unused weekly budget carrying over to the subsequent week, although no use of cash collateral is
3 authorized after August 31, 2025, unless (i) a written stipulation pursuant to Section 2b of the
4 Stipulation is filed with the Court without a need for further order from the Court, or (ii) further use
5 of cash collateral is authorized pursuant to further order of the Court;

6 6. Debtor will cooperatively explore valuation and potential sale of its assets with
7 FBOL; and

8 7. Without delay, Debtor will pursue and complete an exit strategy that returns the
9 greatest recovery to creditors of: (A) a liquidation of its assets as a debtor in possession; (B) a sale
10 of substantially all of its assets and its business as a going-concern; and (C) a subchapter V plan
11 pursuant to Section 1191 of the Bankruptcy Code.

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24 Date: August 15, 2025

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Ronald A. Clifford III
United States Bankruptcy Judge

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After hearing argument and positions at the Initial Hearing from counsel to Debtor and First Bank of the Lake (“FBOL”), Debtor’s senior secured lender, and John-Patrick M. Fritz, subchapter V trustee, the Court continued the Initial Hearing to provide the parties and the Court time to consider various legal issues and for the Debtor to submit supplemental documentation, including a weekly budget through July 2025.

Prior to the Continued Hearing, Debtor submitted a two-week budget for the weeks of July 14 and July 21 (the “July Budget”) [Dkt. 30] and a weekly budget for August 2025 (the “August Budget”) [Dkt. 31]. Appearances at the Initial Hearing and the Continued Hearing were as noted on the record. The Court, having considered the Motion, the Stipulation, and other documents filed in support of the Motion, the arguments and representations of counsel at the hearing on the Motion, finding notice of the Initial Hearing and the Continued Hearing proper, and good cause appearing therefor,

IT IS HEREBY ORDERED that:

1. The Motion is granted and the Stipulation is approved;
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4. Section 2 of the Stipulation is amended to include the use of cash collateral and granting of replacement Post-Petition Liens pursuant to the July Budget and the August Budget;

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5. Debtor may use cash collateral with a 15% variance to the July Budget with any unused weekly budget carrying over to the subsequent week, although no use of cash collateral is authorized after August 31, 2025, unless (i) a written stipulation pursuant to Section 2b of the Stipulation is filed with the Court without a need for further order from the Court, or (ii) further use of cash collateral is authorized pursuant to further order of the Court;

6. Debtor will cooperatively explore valuation and potential sale of its assets with FBOL; and

7. Without delay, Debtor will pursue and complete an exit strategy that returns the greatest recovery to creditors of: (A) a liquidation of its assets as a debtor in possession; (B) a sale of substantially all of its assets and its business as a going-concern; and (C) a subchapter V plan pursuant to Section 1191 of the Bankruptcy Code.

REVIEWED AND APPROVED BY:

MILLER NASH LLP

DocuSigned by:

Bernie Kornberg

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By: Bernard Kornberg

Counsel to First Bank of the Lake

**JOHN-PATRICK M. FRITZ,
SUBCHAPTER V TRUSTEE**

JP Fritz
By: John-Patrick M. Fritz

Subchapter V Trustee

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